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CHIEF CLERK'S OFFICE

INTERSTATE POWER
COMPANY

AND

SOUTH BELOIT WATER
GAS AND ELECTRIC
COMPANY

JOINT APPLICATION
FOR APPROVAL OF NEW AMENDMENTS
TO AFFILIATED INTEREST CONTRACT

DOCKET NO. 00-0690

VERIFIED
APPLICATION

Pursuant to §§ 7-101 and 7-102 of the Illinois Public Utilities Act ("PUA") and 83 Illinois Administrative Code Parts 200 and 450, Interstate Power Company ("IPC") and South Beloit Water, Gas and Electric Company ("SBWGE") collectively "Applicants" hereby apply to the Illinois Commerce Commission ("Commission") for an order approving an additional amendment to the Services and Facilities Agreement among IPC, SBWGE, Alliant Energy Corporate Services, Inc. ("AECS") and other Alliant Energy Entities regarding the provision of services and facilities among these entities, as described more fully in Exhibit 1.1. For informational purposes, a copy of the most recently Amended Services Agreement among Alliant Energy Corporate Services, Inc. and Alliant Energy Resources is also submitted. In support of this Application, Applicants state as follows:

1. Applicants are "public utilities" within the meaning of § 3-105 of the PUA and are subject to the jurisdiction of the Commission.

2. Alliant Energy Corporation is the parent corporation of IPC, SBWGE, Alliant Energy Corporate Services, Inc. and Alliant Energy Resources. See ICC Docket No. 96-0122. As such, IPC, SBWGE, Alliant Energy Corporate Services and Alliant Energy Resources are "affiliated interests" as that term is defined in § 7-101 of the PUA.

3. Other Alliant Energy Corporation Entities include Wisconsin Power and Light Company ("WPL"), IES Utilities, Inc. ("IES"), each of which is a separate subsidiary of Alliant Energy Corporation.

4. Alliant Energy Resources is the holding company for a number of companies which provide energy and environmental services for customers throughout the United States, Canada, Europe, China, South America, New Zealand and Australia. These other Alliant Energy Resources Entities (and their respective subsidiaries) are "affiliated interests" of Alliant Energy Corporation as that term is defined in § 7-101 of the PUA.

5. Sections 7-101 and 7-102 of the PUA provide, *inter alia*, that a utility obtain the consent and approval of the Commission, unless waived or exempt, before entering into a contract or arrangement with an affiliated interest. Such approval is premised upon a finding that the proposed transaction not harm the public interest.

6. IPC, SBWGE and Alliant Energy Corporate Services, Inc. currently have a Services Agreement ("Services Agreement-Public Utility Companies") approved by this Commission in Docket No. 98-0011. Amendments to this Agreement were approved by this Commission in Docket No. 99-0680. Alliant Energy Resources and its affiliates currently have a Services Agreement with Alliant Energy Corporate Services ("Service Agreement-Non Utility Companies") provided to this Commission for informational purposes in the same dockets. Following their approval by this Commission, the Public Service Commission of Wisconsin,

the Minnesota Public Utilities Commission and the Iowa Utilities Board, the approved SAs were reviewed by the federal Securities and Exchange Commission, which required certain changes in the accounting ratios used to allocate costs of various services provided by Alliant energy Corporate Services to the public utility affiliates and to the non-utility affiliates.

7. With the unbundling of the utility business and new affiliate rules (83 ILL.Admin.Code Part 450), IPC and SBWGE Power want to again amend the existing Agreement so that it reflects the changes in accounting ratios described in paragraph 6 for services provided by Alliant Energy Corporate Services, Inc. to IPC and SBWGE. The changes to the services agreement between Alliant Energy Corporate Services, Inc. and Alliant Energy Resources and its subsidiaries are also provided herewith.

8. The new amended Services Agreements ("amended SAs") are attached as Exhibit 1.1, hereto, which is incorporated herein by reference and more fully explained in the prepared direct testimony of John Kratchmer, of Alliant Energy Corporate Services, Inc. which is Exhibit 1.2 hereto and is also incorporated herein by reference.

9. The amended SAs are intended to govern transactions between Alliant Energy Corporation Entities to the extent required by the Commission's affiliate rules. All transactions involving IPC and SBWGE continue to be covered. The amended SAs do not provide for any transactions between Applicants and an Alliant Energy Corporation Entity in competition with ARES (as that term is defined in 83 ILL. Admin. Code § 450.10)

10. The new amended SAs do not change the pricing for services provided by Alliant Energy Corporate Services, Inc.

11. Costs for services and facilities that are specifically attributable to a party continue to be charged directly to the party. Costs that have joint benefit to two or more parties (but not all) are allocated based on cost causative or benefit derivation measures. A new allocation ratio for previously approved services has been added at the request of the SEC.

12. Other provisions of the amended SAs are explained in the prepared direct testimony of John Kratchmer, Exhibit 1.2, and/or are set forth in the amended SAs, Exhibit 1. 1.

13. The new SAs are in the public interest and should be approved by this Commission.

WHEREFORE, Interstate Power Company and South Beloit Water, Gas and Electric Company respectfully request the Commission to enter an order approving the most recent amendments to the Service Agreement attached hereto and consenting to and approving the performance by Alliant Energy Corporation and its subsidiaries of all acts reasonable or necessary to carry out that Agreement, as most recently amended.

South Beloit Water, Gas and Electric Company

men Edward M. Gleason

By: Edward M. Gleason, Secretary

Interstate Power Company

men Edward M. Gleason

By: Edward M. Gleason, Secretary

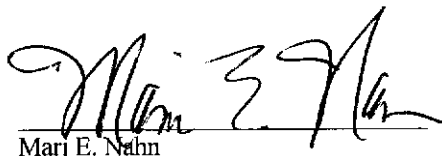
Subscribed and sworn to before me this
20th day of October, 2000.

Mark E. Allen
Notary Public, Dane County, Wisconsin
My Commission is permanent.

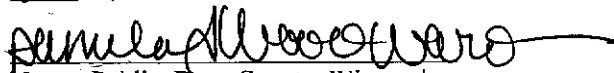
STATE OF WISCONSIN)
)
COUNTY OF DANE) SS.

VERIFICATION

Mari E. Nahn, being first duly sworn, deposes and says that she is an attorney for Interstate Power Company and South Beloit Water, Gas & Electric Company and that she has read the foregoing Application subscribed on behalf of said corporations, and knows the contents thereof; and that the facts therein stated are true to the best of her knowledge, information and belief.


Mari E. Nahn

Subscribed and sworn to before me this
20th day of October, 2000.


Notary Public, Dane County, Wisconsin
My Commission expires 6-8-2003